



United States
General Accounting Office
Washington, D.C. 20548

Office of Special Investigations

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April 23, 1997

The Honorable Michael F. DiMario
Public Printer
U.S. Government Printing Office

Subject: GPO Office of Inspector General: Alleged
Mismanagement and Misconduct by Assistant
Inspector General for Audits

Dear Mr. DiMario:

This letter contains the results of our investigation of allegations against the Assistant Inspector General for Audits (AIGA) at the Government Printing Office's (GPO) Office of Inspector General (OIG). We received an anonymous letter reporting alleged irregularities involving the management and operations of GPO's OIG for Audits (OIGA). Specifically, the letter alleges that the AIGA violated generally accepted government auditing standards related to independence, objectivity, and due professional care by, among other things,

- suppressing findings developed during an audit of GPO's Workers' Compensation Program, an audit of GPO's voucher processing system, and a customer satisfaction survey;
- refusing to audit the GPO Reception and Recreation Fund so as not to offend the Public Printer;
- violating the Hatch Act by participating in preparations for the 1993 Presidential inaugural ceremonies;
- inappropriately obtaining and using a GPO special agent badge although he was not a special agent;
- violating Washington, D.C., weapons laws by bringing a personal weapon to a firing range located in Washington, D.C.; and
- threatening, in the presence of a National Science Foundation (NSF) peer review team, to physically harm two members of his staff over the issue of his failure to follow appropriate workpaper sign-off procedures.

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While the anonymous letter also raised additional issues regarding the AIGA's management and interpersonal skills, we focused our investigation on the alleged irregularities.

RESULTS IN BRIEF

Our investigation disclosed no evidence to support the allegations that the AIGA suppressed findings, refused to audit the GPO Reception and Recreation Fund, violated the Hatch Act, or violated Washington, D.C., weapons laws. We found that the letter's information regarding specific alleged instances of wrongdoing was misleading or inaccurate. In September 1991, the GPO Inspector General authorized the AIGA to carry a special agent badge, although the AIGA was not a special agent. Our investigation disclosed no evidence to support the allegation that the AIGA improperly used or displayed the badge. Based on differing eye witness accounts, we were unable to determine whether the AIGA threatened to harm members of his staff for divulging that he did not follow appropriate workpaper sign-off procedures.

SCOPE AND METHODOLOGY

We conducted our investigation from January 1997 to April 1997 at GPO headquarters in Washington, D.C. To do our work, we examined OIG documents and workpapers related to the three audits mentioned in the letter. In particular, we looked at workpapers that the letter claimed would prove instances of wrongdoing. We also reviewed the GPO/OIG audit policies and procedures manual to gain an understanding of the internal control and quality assurance procedures in place. We met with GPO/OIG supervisory auditors and current and former staff auditors to obtain documentation, confirm our understanding of the information found in the workpapers, and determine the accuracy of this information.

We interviewed the GPO Public Printer, former Inspector General, and AIGA to (1) obtain supporting documentation and (2) determine the accuracy of information contained in agency documents and obtained during interviews with current and former GPO auditors. We also interviewed GPO's Assistant Inspector General for Investigations and special agents to discuss allegations that the AIGA had inappropriately carried a special agent badge and brought a handgun to Washington, D.C.

Additionally, we visited NSF headquarters in Arlington, Virginia, and the Tennessee Valley Authority (TVA) headquarters in Knoxville, Tennessee. NSF and TVA conducted peer reviews at the GPO/OIGA in 1994 and 1996, respectively. The objectives of the reviews were to determine (1) whether the internal quality control system for audits was adequate and (2) whether the office followed established policies and

procedures, and applicable auditing standards. We reviewed workpapers prepared during the peer reviews and met with NSF and TVA auditors who conducted the reviews to discuss the bases for their findings and recommendations.

ALLEGED SUPPRESSION OF FINDINGS

The letter alleges that the AIGA suppressed findings developed during audits of GPO's Workers' Compensation Program and voucher processing system and a survey of customer satisfaction with GPO printing services. We found no evidence that the AIGA suppressed findings developed during these audits and the survey.

GPO Workers' Compensation Program Audit

Allegedly, the AIGA suppressed a finding related to an audit conducted on the GPO Workers' Compensation Program. Between April 1994 and December 1994, the GPO/OIGA assessed GPO's compliance with established Federal Employee Compensation Act regulations. The OIGA audit team focused on four areas: (1) administrative fees the Department of Labor charged GPO to administer GPO's Workers' Compensation Program, (2) GPO's light duty and return to work program, (3) GPO's internal controls over the program's operations, and (4) GPO's process for reviewing employee compensation claims. During the audit, the audit team obtained a Department of Labor projection that GPO liability for the program could increase to \$29.8 million between 1994 and 2016. According to the allegation, the AIGA had the reference suppressed from the OIGA report to make the GPO look better.

We found that the projection was included in a March 1995 draft report the AIGA sent to GPO management for comment. However, the projection was deleted from the report after GPO officials questioned its usefulness. Specifically, in an April 1995 memorandum to the Inspector General, the Director of the GPO Labor and Employee Relations Service Division wrote, "The inclusion of the Department of Labor 'prediction' that in 23 years our OWCP [Office of Workers' Compensation Program] costs will climb to over \$29 million without adding any new cases, is beyond comprehension." He also noted that his office had asked for, but never received from the OIG, the written basis for the projection.

The auditor-in-charge of the audit said she did not include the projection in the initial report drafts for two reasons. First, the projection was an actuarial assumption obtained from a Department of Labor memorandum, not a finding developed by the GPO/OIGA audit staff. Second, the GPO/OIGA audit staff did not validate the projection, nor did the staff perform tests to determine the relevance and competence of the projection. Generally accepted government auditing standards require that before relying on the work

of nonauditors, auditors should obtain an understanding of the methods and significant assumptions used by the nonauditors. We found no evidence that the team performed tests or procedures that would have provided a sufficient basis for relying on the projection.

The auditor-in-charge subsequently incorporated the projection in the audit report at the direction of her supervisor. She agrees with the decision to delete the projection from the OIG final report.

GPO's Voucher Processing and Payments Audit

In addition, it was alleged that the AIGA ordered an audit team to stop work on a \$7.9 million finding that was developed in November 1994 during the audit of GPO voucher processing and payment operations. We found no evidence that the AIGA directed the audit team to stop work on the finding. Further, our review of GPO workpapers showed, and the audit team confirmed, that the team did not stop work on the finding. We also noted that the \$7.9 million finding was reported in a March 1995 report signed by the AIGA.

Customer Satisfaction Review

It was also alleged that the AIGA suppressed 10 findings and 20 recommendations developed during a customer satisfaction review conducted in 1994 by the Inspector General's office. The AIGA allegedly suppressed the findings and recommendations by having the report rewritten several times over an 8-month period.

The review was intended to provide GPO management with an overview of the level of customer satisfaction by obtaining the opinions of executive branch agency customers. It was not a review of the effectiveness of GPO's customer relationship management process. From August 1994 through October 1994, the OIGA staff asked 111 executive branch customer agencies to rate GPO's service and performance in a number of areas. The review was the first survey of customer satisfaction performed by the OIG since 1983.

In December 1994, the OIGA team briefed the Inspector General on the survey results, which demonstrated that executive branch customers were generally satisfied with GPO's service. Customer agencies also identified several areas in which GPO needed to make improvements. For example, customer agencies expressed concern about GPO's responsiveness and timeliness. Following the briefing, the Inspector General directed the team to write a report that discussed survey results and causes of problems raised by

customer agencies. Although the Inspector General directed that the report should also include the team's conclusions, he told the team to let GPO management decide on specific actions to be taken.

In March 1995, the OIGA team prepared a draft report on the results of its work. The report was written in the traditional OIG audit format and included recommendations for improving customer relations and service. At that time, the Inspector General decided that the final product would not include the team's findings, conclusions, or recommendations.

Our examination of memorandums prepared by the OIGA team shows that in a June 1995 meeting, the Inspector General again told the team he wanted the report to be (1) structured as a business letter to allow GPO management to draw its own conclusions and (2) used by GPO management as an opinion poll and an indicator of potential problems.

In August 1995, the GPO/OIG issued its report on satisfaction levels of executive branch customers. In the letter transmitting the report to the Public Printer, the Inspector General recommended that the OIG survey be evaluated in conjunction with previous customer satisfaction surveys to provide GPO management with the broadest possible overview of customers' perception of GPO service.

ALLEGED REFUSAL TO AUDIT GPO'S REPRESENTATION AND RECEPTION FUND

The letter alleges that beginning in 1994, the AIGA did not permit GPO/OIG auditors to perform planned audits of the Public Printer's use of GPO's Representation and Reception Fund because the AIGA did not want to offend the Public Printer. A proposed audit of the fund has been included in the GPO/OIG work plan since 1994. In 1993, the Congress reduced the amount appropriated for the fund from \$5,000 to \$2,500. In fiscal year 1994, the Public Printer spent \$1,013 of fund money; in fiscal year 1995, he spent \$574; and in fiscal year 1996, he spent \$455. Because of the fund's small appropriation and the Public Printer's even smaller expenditures, the former Inspector General decided not to conduct the proposed audits. Prior to 1993, the GPO/OIG conducted two audits of the fund, one in 1991 and another in 1992.

ALLEGED HATCH ACT VIOLATION

In 1993, the AIGA helped the Joint Committee on Inaugural Ceremonies prepare for the 1993 Presidential inauguration. The anonymous letter alleges that this participation violated the Hatch Act. At the time the AIGA participated in the inaugural activities, the Hatch Act generally

prohibited federal employees from soliciting or accepting political contributions or from taking an active part in political campaigns (5 U.S.C. section 7324 (1988)). As legislative branch employees, GPO employees are not included in the Hatch Act as covered employees. However, under internal regulations, GPO has made its employees subject to the Hatch Act.

Every 4 years the Congress appoints a Joint Committee on Inaugural Ceremonies to arrange for the inauguration of the President-elect and Vice President-elect of the United States. The Committee consists of three senators and three representatives appointed by the President of the Senate and the Speaker of the House of Representatives. The Committee is authorized the use of federal agencies' equipment and the services of their personnel in connection with inaugural activities. It was in this context that the AIGA helped the Joint Committee prepare for the 1993 Presidential inauguration.

We spoke with an official in the Office of Special Counsel, which, among other responsibilities, issues advisory opinions under the Hatch Act. The official stated that the AIGA's participation in helping the Joint Committee prepare for the 1993 Presidential inauguration did not violate the Hatch Act. It follows that GPO's internal regulations were also not violated.

ALLEGED MISUSE OF SPECIAL AGENT BADGE

The letter alleges that the AIGA possesses a GPO/OIG special agent badge although he is not an investigator. It alleges that the AIGA showed his special agent badge at a 1994 meeting with the Peace Corps Inspector General. We found that between September 1991 and April 1996, the AIGA carried a GPO special agent badge. The former GPO Inspector General had authorized the AIGA to carry the badge. We found no evidence that the AIGA improperly displayed or used the badge.

From July 1991 to July 1992, the AIGA served as the Deputy Assistant Inspector General for Operations and Administration. As deputy, his duties included managing the operations of the Office of Audits and the Office of Investigations, and supervising staff assigned to the two offices. Also, while deputy, he reported directly to the Inspector General, the then AIGA, and the Assistant Inspector General for Investigations. Because he reported directly to the Assistant Inspector General for Investigations, the deputy received two badges--a Deputy Assistant Inspector General for Investigations badge, and credentials, in July 1991 and a special agent badge in September 1991.

The AIGA told us he did not ask for either badge. The former Inspector General could not recall why he wanted the individual holding the deputy position to receive the badges. According to the Assistant Inspector General for Investigations, however, the former Inspector General decided that the deputy should have the two badges because (1) the deputy position was considered part of the investigative chain, (2) all Office of Investigations staff members carry two badges, and (3) the Inspector General wanted to build a bridge between the deputy, who is an auditor, and the special agents he supervised.

The AIGA told us that, after becoming AIGA in 1992, he returned his deputy badge and credentials to the Assistant Inspector General for Investigations but forgot to turn in the special agent badge. According to the AIGA, between September 1991 and April 1996, his special agent badge was attached to a pocket commission case that also contained his GPO/AIGA credentials. He said that he put the special agent badge and his AIGA credentials in his brief case, where they remained until he displayed his AIGA credentials--but not his badge--at a 1994 meeting with a GPO peer review team and the Peace Corps Inspector General. The two GPO/OIGA auditors who attended the meeting with the Peace Corps Inspector General said the AIGA showed his GPO credentials, but not his special agent badge, to the Peace Corps Inspector General. The individual who served as the Peace Corps Inspector General is no longer with that agency and our attempts to contact her have been unsuccessful.

In 1996, while inventorying the special agent badges, the Assistant Inspector General for Investigations said he realized that the AIGA still had a badge. He said he asked the AIGA about the badge and on April 15, 1996, the AIGA returned the badge.

ALLEGED VIOLATION OF DISTRICT OF COLUMBIA WEAPONS LAWS

The letter alleges that the AIGA went with GPO/OIG investigators, on official time, to a federal government firing range located in Washington, D.C., to shoot handguns. It also alleges the AIGA violated District of Columbia weapons laws by bringing his personal handgun into Washington, D.C., and onto GPO property. We found no evidence that the AIGA violated either Washington, D.C., or federal weapons laws when he brought his personal handgun to the firing range.

GPO special agents are authorized to carry firearms and, as such, they are required to periodically demonstrate their qualifications to carry firearms. To qualify, GPO special agents use a federal government firing range in Washington, D.C. Between July 1991 and July 1992, while he was the Deputy Assistant Inspector General, the AIGA accompanied GPO

special agents to a firing range in the District of Columbia at least twice. The AIGA was considered part of the investigative chain, according to the Assistant Inspector General for Investigations, and, therefore, could use the firing range.

The first time that he went to the firing range, the AIGA fired a GPO/OIG handgun that was provided to him at the range. The Assistant Inspector General for Investigations stated that he had invited the AIGA, shortly after he became the Deputy Assistant Inspector General, to accompany the GPO special agents to a federal government firing range located in the District of Columbia. GPO/OIG special agents and the AIGA confirmed the statement.

The second time, as a member of the GPO/OIG shooting team, the AIGA fired his personal weapon. GPO/OIG special agents told us that after his first visit, they invited the AIGA to become a member of a recreational shooting team they were assembling. On this occasion, the AIGA, who lives in Virginia, brought his personal handgun to a federal government firing range located in the District of Columbia. According to Washington, D.C., weapons laws, it is illegal to transport handguns through the District of Columbia if they are not registered in the District. The law provides an exception, however, to nonresidents participating in a lawful recreational firearm-related activity in the District (D.C. Code section 6.2311). Under 18 U.S.C. section 930, persons are subject to criminal penalty for knowingly possessing a firearm in a federal facility. However, this statute provides an exception that allows persons to carry firearms in a federal facility when engaged in a lawful activity.

ALLEGED THREAT OF PHYSICAL HARM

The letter alleges that the AIGA threatened physical harm to two GPO/OIGA supervisory auditors. In August 1994, a team of NSF auditors met with the GPO Inspector General, AIGA, and two GPO/OIG auditors to discuss the results of the NSF peer review of the GPO/OIGA. The NSF team reported finding one audit in which the AIGA had not signed off on numerous workpapers prepared by the job's audit manager. Allegedly, the AIGA blamed the omission on the audit manager and the report referencer. The letter also says that, at the exit conference, the AIGA threatened to execute the two employees by "hanging, a bullet to the head, and decapitation." The AIGA admitted to being embarrassed and upset about the NSF finding, but said he did not remember threatening harm to anyone.

We met with the three NSF and three GPO Office of Inspector General employees who attended the exit conference to find out if they could corroborate the allegation. All three NSF

auditors remembered that except for the one instance, the AIGA had signed workpapers prepared by his supervisory auditors. With respect to what happened at the exit conference, all three remembered that the AIGA said (1) he would find out why there were so many unsigned workpapers associated with the one audit, (2) he did not know how he neglected to sign the workpapers, and (3) he was embarrassed. The NSF auditors said they did not hear the AIGA threaten to physically harm anyone in the GPO Inspector General's office.

The former GPO Inspector General said he was present for the entire meeting. He too said that the AIGA said nothing that could be interpreted or perceived as a threat. He said that if the AIGA had threatened his staff during the meeting, he would have immediately taken him to the Public Printer's office to be dismissed.

The two GPO/OIG auditors attending the exit conference, however, remembered hearing the AIGA make the threat. One auditor said he took the threat seriously. He prepared a memorandum to be sent to the Inspector General through the AIGA documenting the incident and requesting that the Inspector General take disciplinary action against the AIGA. The former Inspector General and the AIGA said they never received the memorandum. The other auditor said he did not take the threat seriously. He said he does not believe the AIGA intended to threaten or harm anyone when he made the statement but, rather, that he made it for the benefit of the NSF auditors and to save face.

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We will provide copies of this letter to the Chairman and Vice Chairman of the Joint Committee on Printing and to the Committee's Senate and House Ranking Minority Members. If you have any questions about this investigation or require additional information, please contact me or Deputy Director Donald Fulwider at (202) 512-7455.

Sincerely yours,



Donald J. Wheeler
Acting Director

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